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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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March 30, 2005

Michael A. Graham M.D., Chief Medical Examiner
Medical Examiner and Morgue
1300 Clark Avenue
St. Louis, Missouri 63103-2718

RE: Payroll Distribution of the Medical Examiner and Morgue, Pay Period
Ending January 8, 2005 (Project #2005-21)

Dear Dr. Graham:

The Internal Audit Section of the Comptroller's Office has conducted a payroll distribution observation of the Medical Examiner and Morgue Office (#335) for the pay period ending January 8, 2005. The objective of this review was to determine if:

- Eligible City employees receive wages.
- Wages are adequately safeguarded.
- Employees are only paid for actual hours worked.
- Accrual and use of paid leave is accurate.

Our fieldwork was substantially completed on January 13, 2005. The Department's management declined an exit conference to discuss the observations and recommendation noted in the report.

Management responses to the observations and recommendations noted in this report were received on March 2, 2005 and have been attached to the report.

We have made the following observations and recommendations:

1. Opportunity to Improve Controls over Payroll Procedures

We also reviewed employees' accrued vacation, sick leave, overtime and compensatory leave records and attempted to reconcile them to the Comptroller's payroll records. We noted the following concerns:

- A. The departments payroll procedures states, "At the end of the pay period the employee will print the time sheet, sign it and turn it into his/her supervisor. The supervisor will turn the time sheet into payroll clerk for processing". For the pay

1. Continued...

period under review the time sheets were not signed by employees. The Executive Assistant informed us that the employees were in training.

B. The payroll procedures require the Payroll Clerk to reconcile time sheets to the Daily Attendance Sheets, Employee Leave Request Forms and the Requests for Overtime Compensation. We noted differences between Vacation and Sick Leave Report and the Medical Examiners Internal payroll records as follows:

- The Daily Attendance Sheet and the Leave Request Forms of an employee showed that the employee used 5 hours of vacation. However, according to the Vacation and Sick Leave Report the employee used 4 hours of vacation for this pay period.
- According to the Daily Attendance Sheet an employee worked 13.25 hours of overtime. However the Vacation and Sick Leave report for the corresponding pay period showed that this employee received payment for 7 hours of overtime and earned 6.8 hours of compensatory time, the total additional overtime hours of 13.80. Additionally, we did not find any documentation of the request by the employee to split the overtime hours between paid time and compensatory time.
- Per the Vacation and Sick Leave Report an employee took 7 hours of vacation. However employee's Leave Request Forms showed that the employee requested 6.5 hours of compensatory time and .5 hour of vacation. The employee's Daily Attendance Sheet for the same period showed the employee took 7.5 hours of vacation.
- Per the Employee Leave Request Form an employee requested .5 hour of vacation. The payroll procedures require that the vacation time can only be taken in whole hour units.

Recommendation

We recommend that the Medical Examiner and Morgue ensure that:

- A. The employees and the appropriate supervisors sign the time sheets before they are submitted to the Payroll Clerk.
- B. The internal payroll records are:
 - Reviewed for accuracy prior to their submission to the Comptroller's Office Payroll Services Section.

1. *Continued...*

- Reconciled to the Comptroller's payroll records by correcting any discrepancies noted between the two records.

2. **Opportunity to Establish Shift Differential Compensation Procedures**

The Shift Differential Section of the City of St. Louis Ordinance 66272, states, "In order for an employee to be eligible for shift differential compensation for a work shift, the employee must regularly work a shift that requires the completion of five (5) hours of work between the hours of 4:00 p.m. and 8:00 a.m. the following morning.

The Medical Examiner and Morgue payroll procedures do not address which employee positions are eligible for the shift differential benefit. The Payroll Variance Report indicated three employees were given the shift differential pay. However, these employees' attendance sheets do not indicate the employees worked at least Five (5) hours between 4:00 p.m. and 8:00 a.m. during the pay period under review.


Recommendation

We recommend that the Medical Examiner and Morgue establish payroll procedures for the shift differential pay in accordance with the Shift Differential Section of the City of St. Louis Ordinance 66272.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

If you have any questions, please contact me at (314) 613-7410

Sincerely,



Mohammad Adil, CPA
Internal Audit Manager

Attachment

cc: Honorable Darlene Green, Comptroller
Kathryn Lawson, Payroll Manager, Comptroller's Office



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Dear Auditor Ikpeama:

This letter is in response to your initial draft faxed to me and dated February 15, 2005.

There are a couple of issues that need clarification, but before addressing those, I would like to make a general comment about your audit draft report. I noticed that there are no positive statements generated from your payroll audit. There isn't any positive statement about our computerized payroll system, that incidentally we have been using since the Fair Labor Standards Law went into effect. The computerized payroll system has been in place and utilized for more than ten years. This system requires each employee to clock in and clock out using the computer; the employee can print his time sheet at the end of the pay period, sign it and submit it to his supervisor or payroll clerk as required. In the upcoming months we will be working with our payroll section in evaluating new payroll systems that will replace our current system and may even be implemented citywide.

Item 1. Opportunity to Improve Control Over Payroll Procedures.

Within this section you are correct in your assessment of the one Autopsy Technician's Vacation/Sick Leave entry. I will process a change in that employee's Leave with the appropriate Vacation/Sick Leave Adjustment Form. However, in response to the calculation for his Overtime and Compensatory Time entries I must state that the calculation that I made may have paid him for .1 of an hour more than he would otherwise have been entitled. I feel that this is due to rounding more than anything else.

Relative to the statement that the time sheets were not signed by all employees, let me state for the record that every full time employee will sign their time sheets prior to payroll preparation. The performance employees may not have signed their time sheets because in most instances these employees are not at work when payroll is prepared. As I explained to the auditor, I would sign the time sheets that I used to reconcile my payroll and he suggested that I print that record and sign each time sheet, which I did. The signed employee time sheets were not requested. The majority of our time sheets are, in fact signed by our full time employees. Each employee is aware that he has the ability to review any of his time sheets and can notify management of any errors or problems with any time sheet entry.

With regards to the Autopsy Technician Supervisor's time, the payroll register entry is correct. Her computerized time sheet overstates her vacation by .5

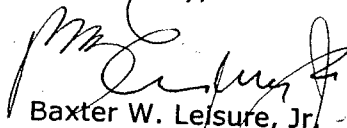
hours - that is my oversight. The numbers are correct as submitted to our Payroll Section.

The last item, which in my opinion should not be part of this audit, involves the payment of shift differential. Shift differential is paid to those employees who work weekends, a Saturday or Sunday, without reference to their work hours (shift); therefore any full time employee who works a weekend shift is entitled to shift differential pay. Each of my Autopsy Technicians will work at least one weekend shift per pay period and are paid accordingly. Medicolegal Investigators are also eligible for this payment when any of them works a weekend shift.

I will waive the exit audit conference. This letter will serve as my official response to the audit.

If you have any questions concerning this matter or would like to discuss my response further please contact me.

Respectfully,



Baxter W. Leisure, Jr.
Executive Assistant to the
Chief Medical Examiner

February 28, 2005

Cc: Michael A. Graham, MD
Chief Medical Examiner